



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2013 REGULAR SESSION

HOUSE BILL NO. 120

AS ENACTED

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ALISON F UNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY L. Adler

1 AN ACT relating to real estate appraisal.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS 324A.150 TO 324A.164 IS
4 CREATED TO READ AS FOLLOWS:

5 (1) There is hereby created and established in the State Treasury the appraisal
6 management company recovery fund. The fund shall be administered by the
7 board for the purposes set forth in Section 2 of this Act.

8 (2) In addition to the license fees provided for in Section 5 of this Act, upon issuance
9 of every appraisal management company's registration, and every regular annual
10 renewal date thereafter, the board shall charge each registrant an amount not to
11 exceed eight hundred dollars (\$800) per year to be deposited in the appraisal
12 management company recovery fund.

13 (3) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of
14 the fiscal year shall not lapse, but shall be carried forward into the succeeding
15 fiscal year. Any interest earnings of the fund shall become a part of the fund and
16 shall not lapse.

17 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 324A.150 TO 324A.164
18 IS CREATED TO READ AS FOLLOWS:

19 (1) The board shall administer the appraisal management company recovery fund
20 solely to provide restitution to each Kentucky licensed or certified real property
21 appraiser who has suffered pecuniary loss:

22 (a) As a result of an appraisal management company ceasing to be registered
23 with the board, either voluntarily or involuntarily;

24 (b) If an appraiser has received a final judgment from a court of competent
25 jurisdiction within the Commonwealth; and

26 (c) If no viable alternative for full restitution is available, as determined by the
27 board.

1 (2) Each fund distribution for restitution shall be made payable to the appropriate
 2 appraiser as determined by the board. The amount to be paid to the appraiser
 3 shall equal the actual amount of appraisal fees that are proven to be owed to the
 4 appraiser by the relevant appraisal management company and any reasonable
 5 and appropriate court costs associated with determining the final judgment in
 6 favor of the appraiser. If the amount of restitution to be paid to any one (1) or
 7 more appraisers at any one (1) time exceeds the balance in the fund, the board
 8 shall:

9 (a) Distribute as much of the restitution amount as possible, which shall be
 10 deemed to satisfy in full any claim the relevant appraisers have on payments
 11 from the recovery fund; and

12 (b) In the case of distributions to more than one (1) appraiser, provide for a pro
 13 rata distribution of the available fund balance, which shall be deemed to
 14 satisfy in full any claim the relevant appraisers have on payments from the
 15 recovery fund.

16 (3) Whenever restitution is paid by the fund, the fund shall be subrogated to the
 17 amount of the restitution.

18 (4) The board shall promulgate administrative regulations in accordance with KRS
 19 Chapter 13A to:

20 (a) Ensure that the balance of the fund established in Section 1 of this Act shall
 21 not fall below three hundred thousand dollars (\$300,000); and

22 (b) Impose the fees assessed upon appraisal management companies under
 23 Section 1 of this Act whenever the balance of the fund is less than three
 24 hundred thousand dollars (\$300,000). The board shall cease imposing the
 25 fees when the balance of the fund is three hundred thousand dollars
 26 (\$300,000).

27 (5) Within one hundred twenty (120) days after the end of each fiscal year, the board

shall make public, in accordance with KRS 424.180 and 424.190, a statement of income and expenses of the appraisal management company recovery fund, the details of which are in accordance with generally accepted accounting principles.

➔ Section 3. KRS 324A.150 is amended to read as follows:

As used in KRS 324A.150 to 324A.164, unless the context otherwise requires:

(1) "Appraisal management company" means a person who performs the actions necessary to administer a network of state-licensed appraisers to fulfill requests for

appraisal management services on behalf of a client, whether directly or through

the use of software products or online, including but not limited to any of the

following actions:

(a) Recruiting appraisers;

(b) Contracting with appraisers to perform appraisal services;

(c) Collecting fees from clients;

(d) Negotiating fees with appraisers or reimbursing appraisers for appraisal services;

(e) Receiving appraisal orders and appraisal reports;

(f) Submitting appraisal reports received from appraisers to the company's clients;

(g) Reviewing or verifying appraisal reports; or

(h) Managing the process of having an appraisal performed, including providing related administrative and clerical duties;

(2) "Appraisal management services" means conducting business by telephone, by electronic means, by mail, or in person, directly or indirectly for compensation or other pecuniary gain or in the expectation of compensation or other pecuniary gain to:

(a) Solicit, accept, or offer to accept a request for appraisal services; or

(b) Employ or contract with a licensed or certified appraiser to perform appraisal

1 services;

2 (3) "Appraisal services" means the practice of developing an opinion of the value of
3 real estate in conformity with the minimum USPAP standards;

4 (4) "Appraiser" means an individual licensed by the board who, for a fee or other
5 consideration, develops and communicates a real estate appraisal or otherwise gives
6 an opinion of the value of real estate or any interest in real estate in conformity with
7 the minimum USPAP standards;

8 (5) "Appraiser panel" means a group of independent appraisers who have been selected
9 by an appraisal management company to perform appraisal services for the
10 appraisal management company;

11 (6) "Board" means the Kentucky Real Estate Appraisers Board established by KRS
12 324A.015;

13 (7) "Client" means a person that contracts with or otherwise enters into an agreement
14 with an appraisal management company for the performance of appraisal services;

15 (8) "Controlling person" means an individual employed, appointed, or authorized by an
16 appraisal management company to contract with clients or independent appraisers
17 for the performance of appraisal services;

18 (9) "Managing principal" has the same meaning as "controlling person";

19 (10) "Registrant" means an appraisal management company or person that is registered
20 or seeking registration under KRS 324A.152; and

21 (11) "USPAP" means the Uniform Standards of Professional Appraisal Practice.

22 ➔Section 4. KRS 324A.152 is amended to read as follows:

23 (1) A person shall not act or offer to act as an appraisal management company or
24 perform appraisal management services within the Commonwealth unless registered
25 by the board.

26 (2) To be registered by the board, a person shall make written application to the board,
27 submit to a criminal background~~history~~ check as provided in subsection (3) of

1 this section, pay a filing fee established by the board, and pay the fee required to be
 2 included in the appraisal management company recovery fund created in Section
 3 1 of this Act ~~post a surety bond as provided in KRS 324A.154].~~ The written
 4 application shall include the following information:

5 (a) The name, street address, and telephone contact information of the person
 6 seeking registration;

7 (b) 1. If the registrant is a domestic organization, the designation of an agent
 8 for service of process; or

9 2. If the registrant is a foreign organization, documentation that the foreign
 10 organization is authorized to transact business in the Commonwealth
 11 and has appointed an agent for service of process by submitting a copy
 12 of:

13 a. The registrant's filing with the Secretary of State appointing an
 14 agent for service of process; and

15 b. A certificate of authority issued by the Secretary of State.

16 A foreign organization's failure to comply with this paragraph may
 17 result in rejection of the application;

18 (c) The name, residential street address, and contact information of any person
 19 who owns ten percent (10%) or more of the appraisal management company
 20 for which registration is being requested;

21 (d) The name, residential street address, and contact information of a controlling
 22 person or managing principal;

23 (e) A certification that the registrant:

24 1. Has a system and process in place to verify that any person being added
 25 to the appraiser panel of the appraisal management company, or who
 26 may be used by the appraisal management company to otherwise
 27 perform appraisals, holds a license in good standing in this state under

1 this chapter;

2 2. Has a system and process in place to review the work of all appraisers
3 that are performing appraisal services for the appraisal management
4 company on a periodic basis to ensure that the appraisal services are
5 being conducted in accordance with the minimum USPAP standards;
6 and

7 3. Maintains a detailed record of each request for appraisal services that it
8 receives and the appraiser that performs the appraisal services for the
9 appraisal management company;

10 (f) A certification from the registrant and any partner, member, manager, officer,
11 director, managing principal, controlling person, or person occupying a similar
12 status or performing similar functions, or person directly or indirectly
13 controlling the registrant that:

14 1. The application for registration when filed or after filing contains no
15 statement that, in light of the circumstances under which it was made, is
16 false or misleading with respect to a material fact;

17 2. The person certifying has not violated or failed to comply with KRS
18 324A.154, 324A.156, or 324A.158;

19 3. The person certifying and each person who owns ten percent (10%) or
20 more of the registrant has not pled guilty or nolo contendere to or been
21 found guilty of:

22 a. A felony; or

23 b. Within the past ten (10) years, a misdemeanor involving mortgage
24 lending or real estate appraising, or an offense involving breach of
25 trust or fraudulent or dishonest dealing;

26 4. The person certifying is not permanently or temporarily enjoined by a
27 court of competent jurisdiction from engaging in or continuing any

1 conduct or practice involving appraisal management services or
2 operating an appraisal management company;

3 5. The person certifying is not the subject of an order of the board or any
4 other state's appraisal management company regulatory agency denying,
5 suspending, or revoking the person's privilege to operate as an appraisal
6 management company; and

7 6. The person certifying has not acted as an appraisal management
8 company while not properly registered by the board; and

9 (g) Any other information required by the board.

10 (3) The board shall require a national and state criminal background check on the
11 person certifying under subsection (2)(f) of this section and each person who owns
12 ten percent (10%) or more of the registrant under the following requirements:

13 (a) The person certifying and each person who owns ten percent (10%) or more of
14 the registrant shall provide his or her fingerprints to the Department of
15 Kentucky State Police for submission to the Federal Bureau of Investigation
16 after a state criminal background check is conducted;

17 (b) The results of the national and state criminal background check shall be sent
18 to the board; and

19 (c) Any fee charged by the Department of Kentucky State Police and the Federal
20 Bureau of Investigation shall be an amount no greater than the actual cost of
21 processing the request and conducting the check.

22 (4) The board shall issue a certificate of registration to a registrant authorizing the
23 registrant to act or offer to act as an appraisal management company in this state
24 upon:

25 (a) Receipt of a properly completed application;

26 (b) Payment of the required filing fee;

27 (c) Payment of the fee required to be included in the appraisal management

1 company recovery fund~~[Posting of the required bond]~~; and

2 (d) A determination by the board that:

3 1. The registrant has not had a previous registration suspended or revoked;
4 and

5 2. The activities of the applicant shall be directed and conducted by
6 persons who:

7 a. Have not had a previous registration suspended or revoked;

8 b. Have not pled guilty or nolo contendere to or been found guilty of
9 a felony; or

10 c. Within the past ten (10) years have not pled guilty, pled nolo
11 contendere to, or been found guilty of a misdemeanor involving
12 mortgage lending or real estate appraising or an offense involving
13 a breach of trust or fraudulent or dishonest dealing.

14 (5) (a) If the board finds that there is substantial reason to deny the application for
15 registration, the board shall notify the registrant that the application has been
16 denied and shall afford the registrant an opportunity for a hearing before the
17 board to show cause why the registration should not be denied.

18 (b) All proceedings concerning the denial of a certificate of registration shall be
19 conducted in accordance with KRS Chapter 13B.

20 (c) The acceptance by the board of an application for registration does not
21 constitute the approval of its contents or waive the authority of the board to
22 take disciplinary action under KRS 324A.162.

23 (6) (a) Registrations issued under this section shall be renewed annually.

24 (b) Renewal shall occur on October 31 of each year.

25 (c) If the initial registration occurs less than six (6) months before October 31, the
26 renewal shall not be required until October 31 of the following year, and shall
27 then be renewed on October 31 of each year thereafter.

1 (7) (a) Failure to renew a registration in a timely manner shall result in a loss of
2 authority to operate.

3 (b) A request to reinstate a certificate of registration shall be accompanied by
4 payment of a penalty of fifty dollars (\$50) for each month of delinquency, up
5 to six (6) months after expiration.

6 (c) After six (6) months' delinquency, a new application for registration shall be
7 required.

8 (8) The board shall promulgate administrative regulations to establish standards for the
9 operation of appraisal management companies and for the implementation and
10 enforcement of KRS 324A.150 to 324A.164.

11 ➔ Section 5. KRS 324A.154 is amended to read as follows:

12 ~~{{(1)}}~~ The board shall promulgate administrative regulations establishing a reasonable
13 filing fee to be paid by each appraisal management company seeking registration under
14 *Section 4 of this Act* [KRS 324A.152]. The filing fee shall include the annual fee for
15 inclusion in the national registry maintained by the Appraisal Subcommittee of the
16 Federal Financial Institutions Examination Council.

17 ~~{{(2)}}~~ In addition to the filing fee, each applicant for registration shall post and maintain a
18 surety bond with the board. The surety bond shall:

19 (a) ~~Be established by the board through administrative regulation but shall not~~
20 ~~exceed five hundred thousand dollars (\$500,000);~~

21 (b) ~~Be in the form prescribed by the board; and~~

22 (c) ~~Accrue to the state for the benefit of any claimant against the registrant to~~
23 ~~secure the faithful performance of the registrant's obligations.~~

24 ~~— The aggregate liability of the surety bond shall not exceed the principal sum of the~~
25 ~~surety bond.~~

26 (3) ~~A party having a claim against the registrant may bring suit directly against the~~
27 ~~surety bond, or the board may bring suit on behalf of the party having a claim~~

1 ~~against the registrant.~~

2 ~~(4) Consumer claims shall be given priority in recovering from the surety bond.~~

3 ~~(5) If a claim reduces the face amount of the bond, the bond amount shall be annually~~
 4 ~~restored upon renewal of the registrant's registration.]~~

5 ➔ Section 6. KRS 324A.164 is amended to read as follows:

6 Unless otherwise required to be registered as an appraisal management company by state
 7 or federal law, KRS 324A.150 to 324A.164 shall not apply to:

8 (1) The federal government, state government, any county or municipal government, or
 9 any agency or instrumentality thereof;

10 (2) A person authorized to engage in business as, or as a subsidiary of, a bank, credit
 11 union, or savings and loan association under the laws of the United States, the
 12 Commonwealth of Kentucky, or any other state;

13 (3) A real estate broker or real estate agent properly licensed or otherwise authorized to
 14 do business in the Commonwealth of Kentucky listing or selling real estate;

15 (4) An officer or employee of any entity listed in subsection (1), (2), or (3) of this
 16 section when acting within the scope of his or her employment;

17 (5) An entity that is responsible for ensuring that the real estate appraisal activity being
 18 performed by an employee is performed in accordance with applicable appraisal
 19 standards;

20 (6) An individual who:

21 (a) Is an appraiser; and

22 (b) In the normal course of business enters into an agreement, whether written or
 23 otherwise, with another appraiser for the performance of a real estate appraisal
 24 activity that the individual cannot complete for any reason, including:

25 1. Competency;

26 2. Workload;

27 3. Schedule; or

1 4. Geographic location;

2 (7) An individual who:

3 (a) In the normal course of business enters into an agreement, whether written or
4 otherwise, with an appraiser for the performance of real estate appraisal
5 activity; and

6 (b) Under the agreement cosigns the report of the appraiser performing the real
7 estate appraisal upon completion of the real estate appraisal activity; or

8 (8) An appraisal management company that contracts with one (1) or more appraisers
9 for the performance of fewer than ten (10) appraisals in this state in a calendar year.

10 ➔Section 7. KRS 324A.010 is amended to read as follows:

11 As used in KRS 324A.010 to 324A.090, unless the context requires otherwise:

12 (1) "Appraisal" means an oral,~~[-or]~~ written, or electronic communication of any type or
13 nature which is independently and impartially prepared by a licensed or certified
14 appraiser setting forth an analysis, opinion, or conclusion relating to the nature,
15 quality, value, or utility of specified interests in, or aspects of, identified real estate,
16 as of a specified date, for or in expectation of compensation;

17 (2) "Appraisal assignment" means an engagement for which an appraiser is employed
18 or retained to act, or would be perceived by other parties or the public as acting, as a
19 third party in rendering an unbiased real estate appraisal;

20 (3) "Appraisal report" means any communication, written,~~[-or]~~ oral, or electronic
21 conveying a real estate appraisal, and all other reports communicating an appraisal
22 analysis, opinion, or conclusion;

23 (4) "Board" means the Real Estate Appraisers Board created under KRS 324A.015;

24 (5) "Certificate holder or licensee" means a person certified or licensed by the board
25 under this chapter;

26 (6) "Real estate" or "real property" means real estate in its ordinary meaning and
27 includes any leasehold or other estate or interest in, over, or under land, including

1 leaseholds, all appurtenances and improvements thereto, and may include personal
2 property which is integral to the use of the real property as appraised;~~{and}~~

3 (7) "Uniform Standards of Professional Appraisal Practice" means the standards of
4 practice promulgated by the Appraisal Standards Board of the Appraisal
5 Foundation; and

6 (8) "Federally related transaction" means any real estate related financial
7 transaction that:

8 (a) A federal financial institution's regulatory agency engages in, contracts for,
9 or regulates; and

10 (b) Requires the services of an appraiser.

11 ➔Section 8. KRS 324A.015 is amended to read as follows:

12 (1) There is created a Real Estate Appraisers Board consisting of five (5) members, two
13 (2) of whom shall be certified real estate appraisers, one (1) of whom shall represent
14 the public and shall not be associated with or financially interested in the practice of
15 real estate appraisals, and two (2) of whom shall be employed in the lending
16 industry. The board shall administer the provisions of this chapter and may
17 promulgate administrative regulations necessary to effectuate the provisions of KRS
18 324A.010 to 324A.090.

19 (2) The board members shall be appointed by the Governor~~{with initial appointments~~
20 ~~for two (2) members including the public member, for terms of three (3) years, two~~
21 ~~(2) members for terms of two (2) years, and one (1) member for a term of one (1)~~
22 ~~year}~~. Not more than one (1) board member shall be from any one (1) county within
23 Kentucky.~~{Thereafter, the}~~ Members~~{members}~~ shall be appointed by the Governor
24 for staggered terms of three (3) years. No person shall serve more than two (2) full
25 consecutive terms.

26 (3) The appraiser appointees to the board shall be certified and shall have engaged in
27 the appraisal of real estate in Kentucky on a continuing basis for at least ten (10)

~~years~~[The initial appraiser appointees to the board shall not be required to be certified, but rather shall, by their sworn statement in writing and signed, have engaged in the appraisal of real estate for at least ten (10) years within the Commonwealth of Kentucky].

(4) A board member shall be automatically removed from the board and a vacancy shall occur when:

- (a) An appraiser member of the board ceases to be certified;
- (b) A consumer member of the board acquires a certification as an appraiser;
- (c) A lending industry member ceases to be employed in the lending industry;
- (d) A board member enters a plea of guilty to, or has been found guilty of, a felony and the time for appeal has passed or the judgment of conviction has been finally affirmed on appeal; or
- (e) A board member ceases to be a bona fide resident of the Commonwealth of Kentucky.

(5) The board shall adopt a seal with the design as the board may prescribe, by which it shall authenticate its proceedings. Copies of all records and papers in the office of the board, duly certified and authenticated by the seal of the board, shall be received in evidence in all courts equally and with like effect as the original. All records kept in the office of the board under the authority of this chapter shall be open to public inspection in accordance with KRS 61.820 to 61.884 and consistent with regulations prescribed by the board.

➔Section 9. KRS 324A.030 is amended to read as follows:

- (1) It shall be unlawful, unless certified or licensed by the board, for any person to:
 - (a) Assume or use any title, designation, or abbreviation likely to create the impression that he or she holds a license or certificate issued by the board;
 - (b) Describe or refer to any appraisal or evaluation of real estate by the term, "state certified," "state licensed," or words of substantially similar meaning; or

- 1 (c) Assume or use any title, designation, or abbreviation likely to create the
 2 impression of certification or licensure by the state as a real estate appraiser
 3 firm, partnership, or corporation.
- 4 (2) A certificate holder or licensee shall not assume or use any title, designation, or
 5 abbreviation likely to create the impression of certification or licensure by the board
 6 other than the correct type of certification or licensure.
- 7 (3) Each certificate holder or licensee who is a resident of Kentucky shall have and
 8 maintain a definite place of business in this state, a current e-mail address, and a
 9 current telephone number. A nonresident is not required to maintain an active
 10 place of business in this state if a definite place of business is maintained in the
 11 state where the nonresident resides. A nonresident shall maintain a current e-mail
 12 address and a current telephone number.
- 13 (4) Failure by a~~Each~~ certificate holder or licensee ~~to~~~~shall~~ notify the board of any
 14 change of business address, change of company name,~~or~~ change of surname,
 15 change of phone number, or change of e-mail address within thirty (30) days of
 16 the change shall result in a penalty not to exceed two hundred dollars (\$200).
- 17 (5) In the case of the death of a certificate holder or licensee, the board may, in its
 18 sound discretion, permit a suitable individual to complete the affairs and appraisal
 19 assignments of the deceased.
- 20 (6) For any employee of the Transportation Cabinet whose job description includes real
 21 estate appraisals which require certification, the Transportation Cabinet shall bear
 22 the costs of initial application, examination, continued education, and annual
 23 renewal.
- 24 (7) (a) Those Transportation Cabinet employees serving as right-of-way agents or
 25 supervisors, who actually perform on-site appraisals as part of their job
 26 descriptions and who have obtained an appraiser certification under the
 27 provisions of KRS 324A.010 to 324A.090, shall receive a five percent (5%)

1 salary increase effective January 1 following certification. Those right-of-way
 2 agents or supervisors who received certification prior to January 1, 1991, shall
 3 receive the salary increase effective January 1, 1991.

4 (b) The salary increases provided for in subsection (a) of this section shall be
 5 made within existing Transportation Cabinet appropriations.

6 (8) A person shall not provide appraisal, appraisal review, or appraisal consulting
 7 assignments or perform any of the duties usually performed by a licensed or
 8 certified real property appraiser for a federally related transaction unless the
 9 person at the time holds a license or certification of real property appraiser issued
 10 and validly existing under the laws of the Commonwealth of Kentucky, as
 11 provided in this chapter.

12 ➔Section 10. KRS 324A.035 is amended to read as follows:

13 (1) The board shall promulgate administrative regulations pursuant to the provisions of
 14 this chapter and KRS Chapter 13A for certification or licensure of appraisers who
 15 perform appraisals of real property in federally-related transactions. Requirements
 16 established by the board relating to appraisers of federally-related transactions shall
 17 not exceed the minimum requirements established by federal law or regulation;

18 (2) The board shall promulgate administrative regulations pursuant to KRS Chapter
 19 13A for certification or licensure of appraisers of real property in nonfederally-
 20 related transactions.

21 (a) Appraisers who wish to be limited to appraisals of nonfederally-related
 22 transactions, and who have engaged in the appraisal of real estate for at least
 23 ten (10) years prior to April 7, 1992, shall be certified or licensed as appraisers
 24 of nonfederally-related transactions.

25 (b) Appraisers who wish to be limited to appraisals of nonfederally-related
 26 transactions, and who have not engaged in the appraisal of real estate for at
 27 least ten (10) years prior to April 7, 1992, shall be certified or licensed as

1 appraisers of nonfederally-related transactions if they meet the certification or
2 licensure requirements established by the board.

3 (3) The board shall establish by administrative regulations requirements for:

4 (a) Classifications of appraisers;

5 (b) Certification and licensure;

6 (c) Renewal, suspension, or revocation of certification or licensure;

7 (d) Standards of professional appraisal practice, including experience, education,
8 and ethics;

9 (e) Examination of applicants for certification or licensure; and

10 (f) Continuing education of appraisers.

11 ➔Section 11. KRS 324A.045 is amended to read as follows:

12 (1) The board shall issue to each qualified applicant a certificate or license in form and
13 size as shall be prescribed by the board.

14 (2) Every certificate and license shall be subject to annual renewal on the date or dates
15 determined by the board by administrative regulation. Each certificate and license
16 holder shall submit proof of compliance with the continuing education requirements
17 when appropriate and the annual renewal fee to the board on or before the last day
18 of the designated month. Failure to receive a renewal form shall not constitute an
19 adequate excuse for failure to renew on time.

20 (3) If the certificate or license holder fails to renew in a timely manner, the certificate or
21 license shall expire. Within six (6) months after the renewal date, the former
22 certificate or license holder shall be reinstated by complying with all appropriate
23 renewal requirements and paying a late fee not to exceed two hundred dollars
24 (\$200).

25 (4) If six (6) months or more elapse after the renewal date, the former certificate or
26 license holder shall be required to meet all current requirements as if applying for
27 initial certification or licensure.

1 ➔ SECTION 12. A NEW SECTION OF KRS CHAPTER 324A IS CREATED
2 TO READ AS FOLLOWS:

3 (1) The Kentucky Real Estate Appraisers Board shall require a national and state
4 criminal background check for each initial application to be a licensed or
5 certified real property appraiser under the following requirements:

6 (a) The applicant shall provide his or her fingerprints to the Department of
7 Kentucky State Police for submission to the Federal Bureau of
8 Investigation after a state criminal background check is conducted;

9 (b) The results of the national and state criminal background check shall be
10 sent to the board; and

11 (c) Any fee charged by the Department of Kentucky State Police and the
12 Federal Bureau of Investigation shall be an amount no greater than the
13 actual cost of processing the request and conducting the check.

14 (2) The board shall issue a license or certification to an applicant authorizing the
15 applicant to act or offer to act as a licensed or certified real property appraiser in
16 this state upon:

17 (a) Receipt of a properly completed application;

18 (b) Successful completion of all applicable education, experience, and
19 examination;

20 (c) Successful completion of all statutory and administrative regulation
21 requirements for licensing and certification of a real property appraiser;
22 and

23 (d) Payment of the required application fee.

24 ➔ Section 13. KRS 324A.050 is amended to read as follows:

25 (1) The board may refuse to issue, refuse to renew, suspend, or revoke a certificate or
26 license, reprimand, admonish, place on probation, or impose a fine up to two
27 thousand dollars (\$2000) per each violation determined by the board, not to

1 exceed five thousand dollars (\$5000), on a certificate holder or licensee, or any
 2 combination thereof, for any of the following reasons:

- 3 (a) Procuring or attempting to procure a certificate or license by knowingly
 4 making a false statement or submitting false information, or through any form
 5 of fraud or misrepresentation;
- 6 (b) Refusing to provide complete information in response to a question in an
 7 application to the board or failing to meet the minimum qualifications
 8 established by the board;
- 9 (c) Being convicted of any felony, or of a misdemeanor that may result in a
 10 sentence which includes or requires incarceration;
- 11 (d) Committing an act involving dishonesty, fraud, or misrepresentation;
- 12 (e) Violating any of the provisions of KRS 324A.010 to 324A.090, the
 13 administrative regulations of the board, or any lawful order of the board;
- 14 (f) Violating the confidential nature of records to which the appraiser gained
 15 access through employment or engagement as an appraiser;
- 16 (g) Committing any other conduct which constitutes or demonstrates bad faith,
 17 untrustworthiness, impropriety, fraud, or dishonesty;
- 18 (h) Failing or refusing, without good cause, to exercise reasonable diligence in
 19 developing an appraisal, preparing an appraisal report, or communicating an
 20 appraisal;
- 21 (i) Being negligent or incompetent in developing an appraisal, in preparing an
 22 appraisal report, or in communicating an appraisal;~~[-or]~~
- 23 (j) Failing to observe one (1) or more of the Uniform Standards of Professional
 24 Appraisal Practice; or

25 (k) Having a license or registration certificate to practice as a licensed or
 26 certified real property appraiser denied, limited, suspended, probated, or
 27 revoked in another jurisdiction on grounds sufficient to cause licensure to

1 be denied, limited, suspended, probated, or revoked in this state.

2 (2) Notwithstanding any other provision of this chapter to the contrary, the
 3 requirements of KRS Chapter 324A, the board's administrative regulations, and
 4 the Uniform Standards of Professional Appraisal Practice shall constitute the
 5 minimum standard of conduct and performance for a licensee or credential
 6 holder in any work or service performed that is addressed by those standards.

7 (3) In any proceeding in which a suspension of thirty (30) days or more, or
 8 revocation is imposed, the board may require the respondent to pay the actual
 9 costs of the investigation and all proceedings not to exceed ten thousand dollars
 10 (\$10,000).

11 ~~(4)~~~~(2)~~ Three (3) years from the date of a revocation, any certificate holder or licensee
 12 whose certificate or license has been revoked may petition the board for
 13 reinstatement. The board shall investigate the petition and may reinstate, upon a
 14 finding that the petitioner has complied with any and all terms prescribed by the
 15 board and is able to engage in the practice of real estate appraisal within the
 16 requirements of this chapter and the administrative regulations. The board may, in
 17 its discretion, require the petitioner to successfully pass the examination required
 18 for the applicable certificate or license.

19 ➔Section 14. KRS 324A.065 is amended to read as follows:

20 The board shall establish by regulation and collect the following fees for certification or
 21 licensure as an appraiser for:

22 (1) Federally-related transactions:

- 23 (a) Initial application fee in an amount not to exceed two hundred twelve dollars
- 24 (\$212), which shall include a fee for the current edition of the Uniform
- 25 Standards of Professional Practice;
- 26 (b) Examination fee in an amount not to exceed two hundred dollars (\$200);
- 27 (c) An annual certificate or licensure fee in an amount not to exceed two hundred

twelve dollars (\$212), which shall include a fee for the current edition of the Uniform Standards of Professional Appraisal Practice;

1. Duplicate certificate fee in an amount not to exceed ten dollars (\$10);

2. Certificate correction fee in an amount not to exceed ten dollars (\$10);

(d) Roster fee not to exceed fifty dollars (\$50).

(2) Nonfederally-related transactions:

(a) Initial application fee in an amount not to exceed one hundred dollars (\$100);

(b) Examination fee in an amount not to exceed one hundred dollars (\$100);

(c) An annual certificate or licensure renewal fee in an amount not to exceed one hundred dollars (\$100);

1. Duplicate certificate fee in an amount not to exceed five dollars (\$5);

2. Certificate correction fee in an amount not to exceed five dollars (\$5);

(d) Roster fee not to exceed twenty-five dollars (\$25).

(3) (a) All fees and charges collected by the board under the provisions of this chapter shall be paid into the Real Estate Appraisers Board's trust and agency account in the State Treasury.

(b) All expenses incurred by the board under the provisions of this chapter, including compensation to the board members and staff, shall be paid out of this account, subject to approval of the board.

(c) The provisions of this subsection shall not apply to the fee charged pursuant to Section 1 of this Act, which is required to be included in the appraisal management company recovery fund and which shall be paid into that fund.

~~[(4) All fees and charges collected by the board under the provisions of this chapter shall be paid into the Real Estate Appraisers Board's trust and agency account in the State Treasury. All expenses incurred by the board under the provisions of this chapter, including compensation to the board members and staff, shall be paid out of this~~

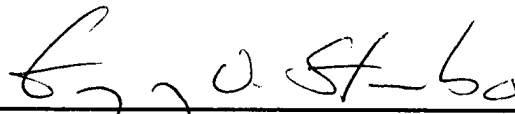
1 ~~account, subject to approval of the board.]~~

2 ➔Section 15. KRS 324A.075 is amended to read as follows:

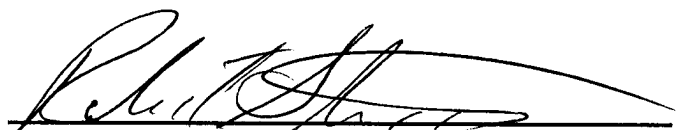
3 If, in the determination by the board, another state is deemed to have substantially
4 equivalent or greater certification or licensure requirements for real property~~[estate]~~
5 appraisers, an applicant who is certified or licensed under the laws of another state
6 seeking to practice in this state shall apply to~~[may]~~ obtain a certificate as a state certified
7 or licensed real property~~[estate]~~ appraiser in this state upon terms and conditions
8 determined by the board.

9 ➔Section 16. KRS 324A.090 is amended to read as follows:

10 ~~[On April 7, 1992,]~~Any person who is not a licensed or certified real property~~[estate]~~
11 appraiser who engages in an activity described in KRS 324A.030~~[(1)]~~, shall be guilty of a
12 Class A misdemeanor. Each violation should be regarded as a separate offense.

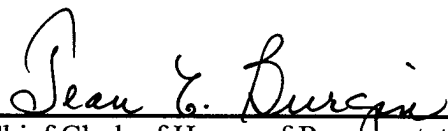


Speaker-House of Representatives



President of Senate

Attest:



Chief Clerk of House of Representatives

Approved



Governor

Date

3-21-13